

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

S P — 3 9 5

2. STATE:

Delaware

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2003

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 \$ -0-
b. FFY 2004 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Page 3 and 3a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, Page 3

10. SUBJECT OF AMENDMENT: Inpatient Hospital Care Reimbursement Methodology for
interim payments

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Governor's comments under separate
correspondence

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Elaine Archangelo

13. TYPED NAME:

Elaine Archangelo, Director, DSS

14. TITLE: Designee for Vincent P. Meconi

Secretary, Delaware Health and Social Services

15. DATE SUBMITTED:

01/07/03

16. RETURN TO:

Elaine Archangelo

Director

Division of Social Services

P.O. Box 906

New Castle, Delaware 19720-0906

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

1/16/03

18. DATE APPROVED:

2/19/03

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

1/1/03

20. SIGNATURE OF REGIONAL OFFICIAL:

Charles Brown

21. TYPED NAME:

Charles Brown

22. TITLE:

Deputy Director, CMSO

23. REMARKS:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations

FEB 14 2003

Ms. Elaine Archangelo
Director, Division of Social Services
Designee for Vincent P. Meconi, Secretary
Delaware Health and Social Services
P.O. Box 906
New Castle, DE 19720-0906

Delaware (395)
approved: 02/14/03
effective: 01/01/03

RE: Delaware SPA 395

Dear Ms. Atkins:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan. This amendment revises the payment methodology for inpatient hospital services by providing interim payments for certain high cost outlier cases.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30) and 1902(a)(23) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 395 is approved effective January 1, 2002. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Rob Weaver at (410) 786-5914.

Sincerely,

Charlene Smith
Dennis G. Smith
Director

Enclosures

NEW STATE PLAN

ATTACHMENT 4.19-A
PAGE 3

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL CARE (Continued)

Rate Setting Methods - Development of Implementation Year Operating Rates, Updates and Rebasing (Continued)

The implementation year rates will be updated in FY96 using published TEFRA inflation indices. Rates will be rebased using fiscal year 1994 claims and cost report data for implementation in State FY97, and every three years thereafter.

Other Related Inpatient Reimbursement Policies

~~Outliers - High cost Medicaid cases will be identified and reimbursed.~~ High cost outliers will be identified when the cost of the discharge exceeds the threshold of three times the hospital operating rate per discharge. Outlier cases will be reimbursed at the discharge rate plus 79 percent of the difference between the outlier threshold and the total cost of the case. Costs of the case will be determined by applying the hospital-specific cost to charge ratio to the allowed charges reported on the claim for discharge.

For certain high cost cases, providers may request an interim payment, that is, a payment prior to the discharge of the patient when the discharge is not likely to occur in the near future. Cases that are approved by the State for reimbursement on an interim payment basis must meet all of the following conditions: (1) length of stay over one year, and (2) over one million dollars in costs as determined in the paragraph above, and (3) attempts to find non-acute care placements have proven unsuccessful and are documented to the State's satisfaction. Interim payment cases will be subject to the same outlier payment calculations as described in the paragraph above and reimbursed at the outlier amount less a 5% discount. Interim payments that are renewed must meet all of the following conditions: (1) an additional length of stay over one year (2) an additional one million dollars in costs as determined in the paragraph above, and (3) continued attempts to find non-acute care placements have proven unsuccessful and are documented to the State's satisfaction. Any interim payment cases that are renewed will also be subject to the same outlier payment calculations as described in the paragraph above and reimbursed at the outlier amount less a 5% discount.

		FEB 14 2003	
TN No.	SP-395	Approval Date	_____
Supersedes			
TN No.	SP-349	Effective Date	January 1, 2003

NEW PAGE

ATTACHMENT 4.19-A

PAGE ~~24~~ 3a

Transplants - Transplant cases will be treated as outliers and, when appropriate, will be subject to the outlier payment policy. Organ acquisition costs will not be reimbursed separately, but will be included in the per discharge rate.

Transfers/readmissions - There will be no distinct payment policy for transfers/readmissions between hospitals. These cases will be paid on a discharge basis. The PRO will conduct a periodic review to monitor these types of cases and determine that discharges are appropriate.

Split bills - For in-State cases and Out-of-State hospitals receiving per diem payment that span FY94 and FY95, the cost associated with the days in FY94 will be reimbursed using the current methodology. The full per-discharge rate will be paid for the days of care in FY95. Out of State hospitals who already use DRGs or a per discharge methodology will be paid the per discharge rate for all discharges on or after July 1, 1994.

TN No. SPA-395

Supersedes

TN No. SPA-349

Approval Date FEB 14 2003

Effective Date January 1, 2003